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April 17, 2018

VIA E FILING

Jocelyn D. Boyd, Esquire
Chief Clerk and Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210

RE: Application of Synergy Utilities, LP for Adjustment of Rates and Charges
and Modifications to Certain Terms and Conditions for the Provision of Sewer
Service
Docket No. 2017-28-S

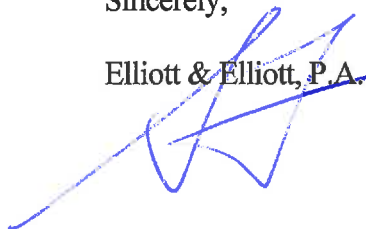
Dear Ms. Boyd:

Enclosed please find for filing the Responsive Testimony of Keith G. Parnell and Certificate of Service in connection with the above-referenced matter. By copy of this letter I am serving all parties of record.

If you have any questions, or if I may provide you with any additional information, please do not hesitate to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/lbk

Enclosures

cc: Jeffrey M. Nelson, Esquire (w/encl.)
Florence P. Belser, Esquire (w/encl.)
Andrew M. Bateman, Esquire (w/encl.)

**THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

DOCKET NO. 2017-28-S

In the Matter of

Application of Synergy Utilities, LP for
Adjustment of Rates and Charges and
Modifications to Certain Terms and Conditions
for the Provision of Sewer Service

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**RESPONSIVE TESTIMONY
TO CUSTOMER CONCERNS
OF KEITH G. PARNELL**

1 **Q. PLEASE STATE YOUR NAME.**

2 **A.** My name is Keith G. Parnell.

3 **Q. MR. PARNELL, HAVE YOU PREFILED TESIMONY IN THIS PROCEEDING?**

4 **A.** Yes, I have prefiled direct and rebuttal testimony.

5 **Q. FOUR CUSTOMERS TESTIFIED AT THE PUBLIC HEARING IN**
6 **ORANGEBURG, SOUTH CAROLINA APRIL 12, 2018. HAS SYNERGY TAKEN THE**
7 **OPPORTUNITY TO MEET WITH ITS CUSTOMERS TO EXPLAIN ITS OPERATIONS?**

8 **A.** Yes. As mentioned by one customer, Representatives of the ORS and I met with the
9 Northwoods Homeowners Association approximately three years ago to explain then Midlands'
10 operations and the fact that the City of Orangeburg provided the wastewater treatment for the
11 wastewater Midlands collects from their homes. In that meeting and since, I have discussed
12 alternatives for sewer service with these customers. However, the Homeowners Association is
13 not prepared to take ownership of the wastewater system and neither the City nor County has come
14 forward to acquire the system. It is not feasible to connect the wastewater system to another
15 regional provider and it is highly unlikely that the South Carolina Department of Health and
16 Environmental Control will permit the construction of an expensive package plant to serve this

1 neighborhood. In December of 2016, I met with representatives of the Neighborhood
2 Association, City officials and representatives of the ORS to discuss the customer concerns.

3 **Q. DIRECTING YOUR ATTENTION TO THE PUBLIC HEARING HELD APRIL 12,**
4 **2018, IN ORANGEBURG, SEVERAL OF THE WITNESSES RAISED CONCERNS**
5 **ABOUT THEIR SEWER SERVICE. PLEASE ADDRESS THESE CONCERNS.**

6 **A.** The testimony centered around two concerns – the cost of service and maintenance of the
7 wastewater system. I would like to address cost first. In 1999, Midlands interconnected with the
8 City of Orangeburg’s wastewater treatment system and subsequently, Midlands was authorized to
9 pass through Orangeburg’s treatment cost to its customers without markup. Midlands’ last rate
10 case order in 2005 authorized a recovery of a monthly collection only fee of \$23.03 for its
11 Orangeburg customers. Midlands merged its wastewater assets into Synergy in 2017 and Synergy
12 now serves the Orangeburg customers. In addition to the treatment charge, Orangeburg charges
13 a service charge for each Synergy customer, although it is not entirely clear to me that the customer
14 benefits from the Orangeburg service charge. Ms. Gwen Gillis testified in great detail about the
15 increasing cost of her sewer service. She testified that twenty three years ago, her monthly bill
16 was \$26.70. Ms. Gillis testified that in 2007, her bill increased to \$39.72. She explained
17 Orangeburg’s treatment charge was \$16.69. In 2014, Ms. Gillis’ bill increased to \$65.34 with the
18 treatment charge being \$21.40 and the service fee being \$17.90. Ms. Gillis testified her February
19 2018 bill was \$89.56, with the treatment charge being \$40.75 and the service fee being \$25.78.
20 Hearing Exhibit No. 2 is an accurate representation of a current Orangeburg customer’s bill. Of
21 Ms. Gillis’ total bill, only \$23.03 is attributable to Synergy’s tariffed rate. The City of
22 Orangeburg has regularly increased the cost to these customers, and because Synergy’s
23 Orangeburg customers do not live within the City limits, they have no influence over the City
24 when it comes to rates.

1 **Q. CUSTOMERS RAISED CONCERNS ABOUT MAINTENANCE. PLEASE**
2 **DESCRIBE SYNERGY'S MAINTENANCE HISTORY IN ITS ORANGEBURG COUNTY**
3 **SERVICE TERRITORY.**

4 **A.** Synergy's Orangeburg County service territory includes the Northwoods
5 subdivision and Melissa Terrace Street of Empire Estates subdivision. In 1999, to comply with a
6 DHEC directive to connect to a regional provider, we built a force main in excess of three miles
7 in length to connect to the City of Orangeburg Department of Public Utilities (DPU) system.
8 Shortly after connecting to the DPU system in 1999, we undertook to raise all manholes that were
9 buried in the system. Many of these manholes were two to three feet deep. This reduced inflow
10 and infiltration (I/I) and allowed necessary access to the manholes and mains. In addition, we
11 began to properly close out the existing lagoon. The lagoon surface was approximately 11 acres.
12 To comply with DHEC regulations the sludge was stockpiled in the lagoon corners. The lagoon
13 was then filled and the sludge was spread on the surface. A cover crop was then planted to remove
14 nutrients. This process took us approximately three years to complete. Shortly after completing
15 the lagoon, the volume of wastewater pumped to DPU began to dramatically increase. We
16 contracted with a sewer camera crew to inspect the mains in the rear of the subdivision. We found
17 some significant areas of I/I and slip lined several streets and succeeded in reducing the flow. We
18 have continued slip lining over the years and have completed slip lining approximately 2,900 linear
19 feet. This work was done with our personnel (three people). We have hired the camera crew to
20 return to the subdivision several times throughout the years to investigate areas we felt had high
21 flows. These areas were slipped lined or repaired. Our work in the Northwoods subdivision
22 would be no surprise to our customers as many will stop by and speak while we are working on
23 improvements in the subdivision.

1 When the historic flood of 2015 struck, we surveyed all the manholes. Since the water
2 table was very high, we could identify leaks in certain manholes. Leaking manholes were
3 pressure grouted and corrected. Approximately 25 manholes were rehabbed.

4 During this period we questioned the accuracy of the DPU flow meter. A representative
5 from Clean Water, Inc. attached his meter to the DPU flow meter and had concerns about accuracy.
6 He noted the check valves on our pump station were leaking back in the well when the pumps
7 were off. The DPU meter was set up not to subtract flow back from the meter and we had no way
8 to monitor or ascertain whether this was occurring. To resolve the question about this back flow,
9 we installed new check valves and new pump volutes at a cost of \$2,726.64 and \$9,219.88,
10 respectively.

11 Ms. Williams mentioned an AECOM study of the system. AECOM was hired by
12 Orangeburg County to assess the system in 2017 when Orangeburg County was considering an
13 acquisition of the service territory. AECOM smoke tested the entire subdivision to look for leaks
14 etc. They found one manhole lid with a large hole. They also placed a camera in several mains
15 and discovered a break in the line caused when the Orangeburg Department of Public Utilities ran
16 a conduit through Synergy's main line. (SEE PHOTOGRAPH Exhibit 1) In addition, AECOM
17 recommended the replacement of the small pump station that serves the front of the subdivision.

18 This brings me to another source of frustration for both our customers and Synergy.
19 Orangeburg provides the water and electricity to the Northwoods subdivision. Often, during this
20 routine maintenance, we discover where DPU workers have damaged the sewer lines when
21 installing or repairing the water and electric lines. To date, most of the mains that we slipped
22 lined had damage that are attributed to DPU. As previously mentioned, the slip lining is
23 performed by us. This process is difficult and dangerous. The last main requiring slip lining was
24 found by camera work done two years ago. However, the main was so deep I waited until the

1 following summer because I was afraid the roadway would cave in if we tried to repair with the
2 high water table. We found significant breaks caused by DPU boring water services in the top of
3 the sewer main. (SEE PHOTOGRAPH Exhibits 2 and 3)

4 As another example, we found a significant inflow from the Melissa Terrace Street. This
5 would be one of the least likely locations that I would expect to have I/I problems because it is
6 relatively new and is all PVC pipe. We discovered that DPU had cut a service line in the low
7 point of the street and was basically acting as a catch basin for the entire street. Please see
8 (PHOTGRAPH Exhibits 4 and 5)

9 Ms. Williams testified to sewage on the ground on her property. She was apparently told
10 by DPU employees that they were not responsible for the water. When it was brought to our
11 attention, we determined that DPU employees broke the force main under Ms. Williams' property
12 and improperly patched the force main. We were never told of the break in the line and frankly,
13 DPU had no business patching the force main the way it did.

14 The damage caused by DPU is obvious because in each instance, the damage occurred at
15 a point on our line adjacent to a water or electric line and the damage was not of a nature that
16 would be the result of some natural occurrence. To add insult to injury, the nature of the damage
17 was such that the DPU employees would have had to have known they had damaged our lines and
18 yet did not show the courtesy to make an adequate repair or to report the damage to us for repair.
19 PHOTOGRAPH Exhibit 6 shows another example of the damage caused by DPU and the disregard
20 DPU employees have for Synergy's sewer and customers.

21 **Q. WHY ARE THE DPU RATES SO HIGH?**

22 **A.** The rates charged by DPU are not a true wholesale rate. The charges are basically out of
23 town rates that DPU would charge to 100 individual accounts. Their service fee is approximately
24 equal to wholesale rates that we pay to other treatment providers with no metering. For instance,

1 sewage collected from our VanArsdale customers are transmitted first to Lexington and ultimately
2 to Cayce for treatment yet the combined treatment rate for VanArsdale is comparable to DPUs
3 service fee alone.

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes, I would like to thank the Commission for hearing me out.

EXHIBITS

1 - 6

PHOTOGRAPHS



Photograph
Exhibit # 1

0139.70270
11:00

Counter: 138.9

CL(Crack Longitudinal

) From: 03 To:

Remarks: CRACKS

Photograph
Exhibit # 2

0025.6' 11:46

02/02/16

Photograph
Exhibit # 4



+0041. 6f
+0012. 7m

Photograph
Exhibit # 5





Photograph
Exhibit # 6

CERTIFICATE OF SERVICE

The undersigned employee of Elliott & Elliott, P. A. does hereby certify that (s)he has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicate below:

RE: Application of Synergy Utilities, LP for Adjustment of Rates and Charges and Modifications to Certain Terms and Conditions for the Provision of Sewer Service

Docket No.: 2017-28-S

PLEADING: RESPONSIVE TESTIMONY OF KEITH G. PARNELL

PARTIES SERVED: Jeffrey M. Nelson, Esquire
Florence P. Belser, Esquire
Andrew M. Bateman, Esquire
Office of Regulatory Staff
1401 Main Street, Suite 900
Columbia, SC 29201

This 17th day of April, 2018.



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